

**Items of Interest for
Comptroller's Directive No. 2-10
Directive Compliance Guidelines for Higher Education Institutions**

General:

- Questions should be addressed to the following:
Christy Tuck, Senior Lead Analyst, Christy.Tuck@doa.virginia.gov or (804) 225-3180,
Doug Page, Assistant Director, Doug.Page@doa.virginia.gov or (804) 225-3136, or
Sharon Lawrence, Director, Sharon.Lawrence@doa.virginia.gov or (804) 225-2414.
- The Comptroller's Directive No. 2-10, Directive Compliance Guidelines for Higher Education Institutions, has been renumbered from the prior year's Comptroller's Directive No. 2-09. The directive is available on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.
- Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), states that the identification by the auditors of a material misstatement is an indicator of a material weakness in internal control. This includes prior year ending balance restatements due to errors. It is possible that significant errors resulting in financial statement template adjustments, including prior year ending balance restatements, could result in either material internal control weaknesses or even a qualified opinion on the Commonwealth's Comprehensive Annual Financial Report (CAFR). **Institutions must ensure controls are in place to avoid material misstatements, restatements (due to errors), and/or misclassifications in the financial statement template for the institution and its foundations.**
- Institutions will be notified if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. The *Code of Virginia, §2.2-5004 A3*, identifies "substantial compliance with all financial reporting standards approved by the State Comptroller" as an integral part of the financial and administrative management standards. **DOA will evaluate both the timeliness and accuracy of submissions to DOA to help determine whether the higher education institutions have complied with this management standard.** In addition, failure to provide complete and accurate information by the required due dates may result in citation in the Comptroller's *Report on Statewide Financial Management and Compliance* (Quarterly Report).
- The following GASB statements are effective for the Commonwealth for fiscal year 2010: **GASBS No. 51**, *Accounting and Financial Reporting for Intangible Assets*, **GASBS No. 53**, *Accounting and Financial Reporting for Derivative Instruments*, and **GASBS No. 58**, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.
- E-mail submissions are required for all submissions unless an individual submission indicates otherwise. DOA's e-mail submission address is as follows:
finrept-HE@doa.virginia.gov. Institutions must copy the Auditor of Public Accounts (APA) on e-mail submissions to: APAFinRept@apa.virginia.gov.

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- Only cells highlighted in yellow allow for data entry. If a cell requires an amount to be entered, only whole numbers are allowed. Messages that appear should provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.**
- DOA will notify institutions during the CAFR preparation and throughout the year if additional information is needed and provide a due date via e-mail correspondence. DOA will also notify institutions as needed of reporting issues. **Institutions must read and comply with separate communications from DOA.**
- DOA will offer free on-line training to cover Directive changes thus avoiding travel time and costs. It is anticipated that the sessions will be available in June and can be accessed at anytime. DOA will notify the institution's directive contact when the sessions are available and explain how to access the sessions.

Attachment # & Due Date Changes:

The following attachments are required to be submitted:

Attachment Number	Attachment Name and Supplemental Information Item	Due Date
HE-1	FY 2009 Off-Balance Sheet Financial Obligations - Update	July 15
HE-2	Contact Survey	July 15
HE-3	Beginning Net Asset Reconciliation	July 29
HE-4	On-Behalf Payments	August 12
HE-5	Optional Retirement Plans	August 12
HE-6	<u>GASBS No. 14</u> Checklist Modified to Reflect <u>GASBS No. 39</u>	August 12
HE-7	Federal Schedules	August 26
HE-8	Appropriation Available and Appropriation Revenue	September 2
HE-9	Treasury's Reimbursement Programs	September 9
HE-10	Financial Statement Template	Various (Note *)
HE-11	Adjustments	Various (Note *)
HE-12	Schedule of Cash, Cash Equivalents, and Investments at June 30	Various (Note *)
HE-13	Report of Financial Condition	Various (Note *)
HE-14	FY 2010 Off-Balance Sheet Financial Obligations	January 20, 2011

Note*: See the **Staggered Due Dates** section that follows for the due dates.

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Staggered Due Dates:

The staggered due dates are as follows:

Attachments HE-10, HE-11, SNA & SRECNA (Supplemental Information Items 7, 7a, 7b)	Attachment HE-12	Attachment HE-13 & Final Individually Published F/S (Supplemental Information Item 8)	HEI acronyms
September 23	September 28	October 7	CWM, IALR, IEIA, JMU, UMW, NCI, RU, RHEA, SVHEC, SWVHEC
September 27	September 30	October 11	CNU, GMU, LU, NSU, ODU, VMI, VPI&SU, VSU
September 29	October 4	October 13	UVA, VCU, VCCS

Supplemental Information & Due Dates:

Supplemental information requirements listed in the **Supplemental Information** section of the Comptroller's Directive 2-10 have been assigned item numbers and are summarized below. These requirements are primarily the same as last year with the following exceptions: 1) Items 7a and 7b are **new** requirements and, if applicable, must be submitted along with the Attachment HE-10; and 2) Revenue source code 09077 has been added to Item 2.

Item #	Applicable	Description	Due Date
1a, 1b, 2, 3	Tier III institutions	Cash basis data to be used for indirect cost statistics or quarterly reporting	July 29
4	All institutions	Information regarding rebates, vendor surcharges, and other information	July 29
5, 6	CWM & VCCS	Supporting schedules for template	HE-10 due date
7	All institutions*	Statement of Net Assets (SNA) & Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA)	HE-10 due date
7a (new)	Applicable institutions	Receivable reconciliation (HEI only)	HE-10 due date
7b (new)	Applicable institutions	Derivative instruments as of year-end (HEI only)	HE-10 due date
8	All institutions*	Final Individually Published Financial Statements (F/S)	HE-13 due date
9	CWM, UVA, VCU, VPI&SU	Investment & Variable Rate Debt Subsequent Disclosures	November 22

Note*: Items 7 & 8 are required for those institutions that issue individually published financial statements.

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Overall Changes to Directive & Attachments:

Each year the **directive, attachment instructions and any applicable documents on DOA's website should be read** to ensure the institution complies with the requirements of the directive. If applicable, the following documents provide information on certain parts of the Attachment HE-10 and are available on DOA's website along with the Attachment HE-10 instructions.

- **Additional Information: Attachment HE-10–TAB 3–Part 4 regarding GASBS No. 42:** This provides information regarding impairment of capital assets and insurance recoveries.
- **Additional Information: Attachment HE-10-TAB 7-Part 16 regarding GASBS No. 49:** This provides information regarding pollution remediation obligations.
- **Additional Information: Attachment HE-10 – TAB 3 & TAB 7 – Part 17 regarding GASBS No. 51:** This is **new** and provides information regarding intangible assets.
- **Additional Information: Attachment HE-10 – TAB 7 – Part 18 & Supplemental Item 7b regarding GASBS No. 53:** This is **new** and provides information regarding derivative instruments.

Changes to Attachments HE-3 and HE-10:

The following are some of the changes that have been made to the Attachments HE-3 and HE-10:

- **Attachment HE-3 – TAB 1, HEI:** This tab has been revised to include two beginning net asset restatement categories for the implementation of GASBS No. 51 and GASBS No. 53. If the institution has any restatements as a result of implementing these new GASB statements, the restatements should be provided on these new line items.
- **Attachment HE-10:** The **FST** and **TAB 3** have been revised to include the five **new** line items listed below for the HEI only* to report the following intangible assets within the nondepreciable and depreciable capital asset line items for the implementation of GASBS No. 51, *Accounting and Reporting for Intangible Assets*. In addition, **TAB 7 Part 17** has been revised to add additional questions regarding GASBS No. 51.

Nondepreciable Capital Assets:

Intangible assets with indefinite useful life (GASBS 51): Provide description

Depreciable Capital Assets:

Intangible Assets (GASBS 51):

Computer Software

Patents, Trademarks, and / or Copyrights

Water Rights and / or Easements

Other Intangibles: Provide description

Note*: Since foundations follow FASB rather than GASB standards, these line items were not added to the Combining FST.

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- **Attachment HE-10:** The FST has been revised to include two **new** line items listed below for the HEI only* to report changes in fair values of hedging derivative instruments – effective hedges for the implementation of GASBS No. 53, *Accounting and Reporting for Derivative Instruments*. In addition, **TAB 7 Part 18** has been revised with additional questions regarding GASBS No. 53.

Deferred Outflows (GASBS 53)

Deferred Inflows (GASBS 53)

Note*: Since foundations follow FASB rather than GASB standards, these line items were not added to the Combining FST.

- **Attachment HE-10: TAB 7 Part 19** is **new** and has a question regarding GASBS No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.
- **Attachment HE-10: FST, HEI-Flux, and Foundation-Flux:** The **materiality scopes** have been revised. Fluctuations on the FST tab above the following scopes must be explained. Explanations must be provided on the HEI-Flux and Foundation-Flux tabs or in a separate document.

Increases or decreases greater than \$2.8 million and 10%

or

Increases or decreases greater than \$9.4 million (regardless of percentage change)

- **Attachment HE-10: TAB F7 Part 9** is **new** and has a question to indicate if a foundation has an intangible asset as of year-end and to provide the Combining FST line item and amount of the intangible asset. This is for informational purposes.

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